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## Consolidated Financial Results for the Three Months Ended June 30, 2023 (Based on Japanese GAAP)

August 4, 2023

Company name: NAKABAYASHI CO., LTD

Stock exchange listings: Tokyo

Stock code: 7987 URL: <https://www.nakabayashi.co.jp/>

Representative: President and Representative Director Hideaki Yumoto  
Executive Officer and General Manager

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Administration Division

Scheduled date to file Quarterly Securities Report: August 7, 2023

Scheduled date to commence dividend payments: –

Preparation of supplementary material on quarterly financial results: No

Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

#### (1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2023	13,954	3.1	(286)	–	(46)	–	(57)	–
June 30, 2022	13,534	(3.6)	(157)	–	2	(99.2)	(139)	–

(Note) Comprehensive income: Three months ended June 30, 2023: ¥117 million [–%]  
Three months ended June 30, 2022: ¥(99) million [–%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2023	(2.08)	–
June 30, 2022	(5.09)	–

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2023	57,263	26,667	45.4
March 31, 2023	57,703	26,881	45.4

(Reference) Equity: As of June 30, 2023: ¥26,000 million  
As of March 31, 2023: ¥26,204 million

## 2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2023	–	0.00	–	12.00	12.00
Year ending March 31, 2024	–				
Year ending March 31, 2024 (Forecast)		10.00	–	12.00	22.00

(Note) Revisions of dividend forecasts from recently announced figures: No

## 3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2023	29,000	2.7	400	–	600	296.9	250	–	9.12
Full year	65,000	5.6	2,550	459.3	3,000	219.4	1,700	–	62.03

(Note) Revisions of forecasts of financial results from recently announced figures: No

#### 4. Notes

(1) Changes in significant subsidiaries during the three months ended June 30, 2023  
(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2023	28,794,294 shares	As of March 31, 2023	28,794,294 shares
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Number of treasury shares at the end of the period

As of June 30, 2023	1,388,247 shares	As of March 31, 2023	1,388,104 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2023	27,406,118 shares	Three months ended June 30, 2022	27,373,924 shares
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\* This quarterly financial results report is not subject to the quarterly review by a certificated public accountant or an auditing firm.

\* Explanation and other special notes concerning the appropriate use of business performance forecasts  
(Cautionary Statement with Respect to Forward-Looking Statements)

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual results, etc. may differ materially from the forecasts due to various factors. For notes on the assumptions underlying the earnings forecasts and the earnings forecasts, please refer to “1. Qualitative Information on Quarterly Financial Results, (3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Information” on page 4.

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# 1. Qualitative Information on Quarterly Financial Results

## (1) Explanation of Operating Results

During the three months under review (from April 1, 2023 to June 30, 2023), the Japanese economy saw the normalization of socio-economic activities as the status of the COVID-19 infection has been changed to a Category V Infectious Disease under the Infectious Disease Control Law. At the same time, soaring raw material prices, the prolonged situation in Russia and Ukraine, and the weakness of the yen in foreign exchange markets have kept the outlook of the economy uncertain.

The environment surrounding the Company group (the “Group”) remains challenging. We are carrying out reforms to our products and services partly in response to major changes in lifestyles and corporate activities.

Under these circumstances, we have reached the final fiscal year of our third medium-term management plan (from April 1, 2021 to March 31, 2024), “add+venture 70” (Adventure 70). We have set 70 new targets to increase our corporate value, and, to achieve the plan, we are working to optimize the allocation of management resources and create synergies among business segments and Group companies as a whole.

As a concrete policy required in the era of post-COVID, the Group aims to become a leading company in the “Life-related industry” (Note), an industry field that will play a central role in the future, and will advance initiatives to strengthen existing businesses and enter new businesses. Specifically, this refers to the following five fields: (1) health and medical care, (2) environment (including renewable energy), (3) life and welfare, (4) agriculture, and (5) culture.

(Note) “Life-related industry” is a concept advocated by Professor Yoshinori Hiroi of Kyoto University.

Net sales increased by 3.1% year on year. The Company recorded an operating loss and an ordinary loss due to an increase in cost of sales ratio caused by rising raw material and fuel prices, electrical power expenses, and logistics expenses. Furthermore, extraordinary income of ¥52 million was recorded, including a gain on sale of investment securities of ¥51 million.

As a result, loss attributable to owners of parent was ¥57 million.

The Group’s operating results for the three months under review are as follows.

Net sales	¥13,954 million	(Up 3.1% year on year)
Operating loss	¥286 million	(Operating loss of ¥157 million in the same period of the previous fiscal year)
Ordinary loss	¥46 million	(Ordinary profit of ¥2 million in the same period of the previous fiscal year)
Loss attributable to owners of parent	¥57 million	(Loss attributable to owners of parent of ¥139 million in the same period of the previous fiscal year)

Operating results by segment are as follows.

### (i) Business Process Solutions Business

In the library solutions business, orders for outsourcing services including counter operations from public libraries improved. Furthermore, data printing services (DPS) also achieved favorable results in range of printing and dispatch services due to the re-acquisition of a tender project from a government office and increased corporate activity. Under such circumstances, the Company’s wholly-owned subsidiary NIPPON TSUSHINSHI CO., LTD. advanced proposals for testing methods (CBT) that use PCs in operations work for qualification examinations and Internet-based testing (IBT), which is expected to become more widespread. However, orders for contracting of BPO work (My Number Points and subsidy work) from local government bodies remained subdued, and the profit margin declined. The Company will continue to promote rationalization in manufacturing departments and streamlining in sales departments to enhance group

synergies, and will work to develop a “BPO Integrated Support Service” that provides total support related to labor shortages, work style reforms, and other aspects of the business environment throughout society.

In paper containers and other areas of packaging, orders for the high-quality, paper multi-tiered food box “JIYUBAKO” were favorable. In the seals and labels business, sales were brisk for the entertainment and amusement industry.

Consequently, net sales in this business amounted to ¥6,881 million (up 4.0% year on year), while operating loss amounted to ¥94 million (operating loss of ¥26 million in the same period of the previous fiscal year).

#### (ii) Consumer Communications Business

OEM orders for commercially available products and sales of office supplies performed strongly, partly due to the normalization of socio-economic activities. We also strove to develop and launch new PC-related products and smartphone- and tablet-related items for the new school term. Meanwhile, sales of paper products decreased due to the shift away from paper in companies and the spread of the GIGA School Program. In our Meguri-ing business, which was started as a measure to support new tourism, sales of products including Goshuin-cho and Gojoin-cho stamp books continued to increase due to nationwide tourism support and recovery in overseas tourist numbers.

Revex Co., Ltd., which manufactures and sells wireless sensors, chimes, and other products for nursing care and security, saw strong sales of security items installable by homeowners amid growing concern over crime prevention in Japan. Sales of stuffed toys by Sunlemon Co., Ltd. saw improved profit margins by strengthening items for leisure facilities such as aquariums as people again began to move around.

Consequently, net sales in this business amounted to ¥4,790 million (up 0.0% year on year), while operating loss amounted to ¥139 million (operating loss of ¥120 million in the same period of the previous fiscal year).

#### (iii) Office Appliances Business

In the shredder business, demand from small- to medium-sized enterprises for office shredders and crushers for media such as hard disk drives and solid state drives recovered as socio-economic activities normalized, despite the further advance of digitalization and the paperless trend. KAGUKURO Co., Ltd., which is operating the e-commerce business for office furniture, recorded an increase in sales due to trend of workers returning to work in offices.

Consequently, net sales in this business amounted to ¥1,939 million (up 10.5% year on year), and operating profit amounted to ¥94 million (up 77.3% year on year).

#### (iv) Energy Business

Wooden biomass power generation had a reduced number of operating days due to a statutory inspection that occurs once every four years. Solar power generation performed well.

Consequently, net sales in this business amounted to ¥330 million (down 8.3% year on year), and operating loss amounted to ¥12 million (operating profit of ¥25 million in the same period of the previous fiscal year).

#### (v) Others

The Vegetable Plant Business and the Garlic Farm Business, etc. posted net sales of ¥13 million (up 37.6% year on year) and operating loss of ¥17 million (operating loss of ¥5 million in the same period of the previous fiscal year).

## (2) Explanation of Financial Position

### [Assets]

Current assets decreased by ¥820 million from the end of the previous fiscal year to ¥29,072 million. This was mainly due to decreases of ¥1,668 million in notes and accounts receivable - trade and ¥540 million in cash and deposits, despite an increase of ¥817 million in merchandise and finished goods.

Non-current assets increased by ¥380 million from the end of the previous fiscal year to ¥28,190 million. This was mainly due to increases of ¥264 million in construction in progress and ¥190 million in investment securities, despite a decrease of ¥71 million in buildings and structures.

As a result, total assets as of June 30, 2023 decreased by ¥440 million from the end of the previous fiscal year to ¥57,263 million.

[Liabilities]

Current liabilities decreased by ¥404 million from the end of the previous fiscal year to ¥17,471 million. This was mainly due to a decrease of ¥524 million in short-term borrowings.

Non-current liabilities increased by ¥177 million from the end of the previous fiscal year to ¥13,123 million. This was mainly due to an increase of ¥170 million in long-term borrowings.

As a result, total liabilities as of June 30, 2023 decreased by ¥226 million from the end of the previous fiscal year to ¥30,595 million.

[Net assets]

Total net assets decreased by ¥213 million from the end of the previous fiscal year to ¥26,667 million. This was mainly due to a decrease of ¥385 million in retained earnings, despite an increase of ¥138 million in valuation difference on available-for-sale securities.

Due to a decline in both net assets and total assets, the equity ratio as of June 30, 2023 was 45.4%, the same as at the end of the previous fiscal year.

**(3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Information**

We have not changed our earnings forecasts since the announcement we made on May 12, 2023.

## 2. Quarterly Consolidated Financial Statements and Major Notes

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	7,871	7,330
Notes and accounts receivable - trade	10,304	8,636
Merchandise and finished goods	6,195	7,012
Work in process	955	1,239
Raw materials and supplies	1,785	2,028
Other	2,781	2,824
Allowance for doubtful accounts	(2)	(0)
Total current assets	29,893	29,072
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,117	7,046
Machinery, equipment and vehicles, net	4,958	4,935
Land	9,863	9,863
Construction in progress	147	411
Other, net	188	192
Total property, plant and equipment	22,274	22,449
Intangible assets		
Goodwill	108	81
Other	280	270
Total intangible assets	388	352
Investments and other assets		
Investment securities	2,834	3,024
Retirement benefit asset	876	895
Deferred tax assets	603	596
Other	839	880
Allowance for doubtful accounts	(8)	(8)
Total investments and other assets	5,146	5,388
Total non-current assets	27,810	28,190
Total assets	57,703	57,263



(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	4,775	4,717
Short-term borrowings	6,400	5,876
Accounts payable - other	2,974	2,799
Accrued expenses	416	430
Income taxes payable	307	176
Provision for bonuses	569	399
Other	2,431	3,071
Total current liabilities	17,876	17,471
Non-current liabilities		
Long-term borrowings	9,285	9,456
Retirement benefit liability	3,275	3,281
Deferred tax liabilities	139	143
Other	245	242
Total non-current liabilities	12,945	13,123
Total liabilities	30,822	30,595
<b>Net assets</b>		
Shareholders' equity		
Share capital	6,666	6,666
Capital surplus	8,943	8,943
Retained earnings	10,404	10,018
Treasury shares	(706)	(706)
Total shareholders' equity	25,307	24,921
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	847	986
Deferred gains or losses on hedges	9	42
Foreign currency translation adjustment	116	124
Remeasurements of defined benefit plans	(76)	(74)
Total accumulated other comprehensive income	897	1,078
Non-controlling interests	677	667
Total net assets	26,881	26,667
<b>Total liabilities and net assets</b>	<b>57,703</b>	<b>57,263</b>

**(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income**  
**Quarterly Consolidated Statements of Income**

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net sales	13,534	13,954
Cost of sales	10,128	10,640
Gross profit	3,405	3,313
Selling, general and administrative expenses	3,562	3,600
Operating loss	(157)	(286)
Non-operating income		
Rental income	44	43
Dividend income	52	55
Insurance claim income	80	108
Other	42	69
Total non-operating income	220	277
Non-operating expenses		
Interest expenses	16	20
Miscellaneous expenses of assets for rent	10	10
Foreign exchange losses	27	-
Other	5	5
Total non-operating expenses	60	36
Ordinary profit (loss)	2	(46)
Extraordinary income		
Gain on sale of non-current assets	0	0
Gain on sale of investment securities	-	51
Gain on extinguishment of tie-in shares	76	-
Total extraordinary income	77	52
Extraordinary losses		
Loss on disposal of non-current assets	0	2
Loss on Anti-monopoly Act	92	-
Total extraordinary losses	93	2
Profit (loss) before income taxes	(13)	3
Income taxes - current	100	136
Income taxes - deferred	(61)	(68)
Total income taxes	39	68
Loss	(53)	(64)
Profit (loss) attributable to non-controlling interests	86	(7)
Loss attributable to owners of parent	(139)	(57)

## Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Loss	(53)	(64)
Other comprehensive income		
Valuation difference on available-for-sale securities	(73)	138
Deferred gains or losses on hedges	1	32
Foreign currency translation adjustment	31	8
Remeasurements of defined benefit plans, net of tax	(5)	2
Total other comprehensive income	(46)	181
Comprehensive income	(99)	117
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(184)	124
Comprehensive income attributable to non-controlling interests	84	(7)

**(3) Notes to Quarterly Consolidated Financial Statements  
(Notes on the Going Concern Assumption)**

Not applicable.

**(Notes on Significant Changes in the Amount of Shareholders' Equity)**

Not applicable.

**3. Others**

Not applicable.